

# Consultation on fees 2016/17

A consultation document

30 November 2015 to 25 January 2016

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## **About the Pharmaceutical Society of Northern Ireland**

The Pharmaceutical Society of Northern Ireland is the regulatory body for pharmacists in Northern Ireland.

Our primary purpose is to ensure that practising pharmacists are fit to practise, keep their skills and knowledge up to date and deliver high quality safe care to patients.

It is the organisation's responsibility to protect and maintain public safety in pharmacy by:

- Setting and promoting standards for pharmacists' admission to the Register and for remaining on the Register;
- Maintaining a publicly accessible Register of pharmacists, and pharmacy premises;
- Handling concerns about the fitness to practise of registrants, acting as a complaints portal and taking action to protect the public; and
- Ensuring high standards of education and training for pharmacists in Northern Ireland.

The Pharmacy (Northern Ireland) Order 1976 requires that the organisation ensures the provision of professional leadership – the Council has established a Pharmacy Forum for this purpose.

## **Why are we consulting?**

Under Article 5 (1) (e) of the Pharmacy (Northern Ireland) Order 1976 the Council is empowered to make Regulations with respect to fees. These Regulations are subject to approval of the Department under Article 25A of the same legislation.

The Pharmaceutical Society NI is undertaking a comprehensive review, in stages, of its fee structure and the legislative basis for such fees that it does, or proposes to, charge. In this process, the Pharmaceutical Society NI is consulting all stakeholders on any proposals for amendment to the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994.

Once this consultation has been completed, the responses considered and a proposal is made and passed by the Council, it will make the necessary Regulations for approval by the Department of Health, Social Services and Public Safety (DHSSPS). The Regulations would then be subject to the negative resolution procedure in the Northern Ireland Assembly.

## **How to respond to this consultation**

We welcome your response to this consultation and have listed some questions to assist you. In order to help us analyse responses, we would strongly encourage you to complete the response template provided.

Responses should be sent by post, fax or email to:

Consultation on Fees 2016/17  
Pharmaceutical Society of Northern Ireland  
73 University Street  
Belfast, BT7 1HL

Tel: 028 9026 7935  
Fax: 028 9043 9919

Email: Mark Neale, consultation coordinator [fees2015@psni.org.uk](mailto:fees2015@psni.org.uk)

## **Accessibility of information**

If you are having difficulties accessing the documentation or you need us to make adjustments in order to be able to respond to this consultation, please contact us and we will do our best to address the issue.

The Pharmaceutical Society NI will publish a summary of responses following the completion of the consultation process. Your response, and all other responses to the consultation, may be disclosed on request. We can only withhold information in exceptional circumstances. We will only consider withholding information in cases where the respondent has indicated, at the time of submission, that the information is to be withheld, and only where a legitimate reason has been provided. If you wish your response to remain confidential, please provide your reasons in writing, setting out why you believe the information should remain confidential. It should be noted that such reasons must be capable of being justified to the information Commissioner as we are subject to the Freedom of Information Act 2000.

## **Consultation period**

The consultation will run for 8 weeks from 30 November 2015 until 12 noon on 25 January 2016.

When the consultation closes, we will analyse the responses we receive which will be considered by the Council of the Pharmaceutical Society NI before making a final decision on any amendments.

## Consultation questions

We would welcome any views you may wish to submit on the questions outlined below. It is important that you provide reasons for your comments, where possible, in order for the Council of the Pharmaceutical Society NI to consider the rationale for your views. We have provided a response template to complete, which is available on the website: <http://www.psni.org.uk/publications/consultations/>

### *Preliminary questions -*

1. Do you agree with the Council's proposal to amend the 1994 General Regulations to the extent identified in this consultation paper and the attached draft amending regulations, pending a more comprehensive review of the overall fee charging structure?
2. Do you accept that we have provided adequate information to explain the proposed fees and associated increases or amendments?
3. Do you agree that we have provided sufficient information on student registration and (pre-registration) examination fees to explain the proposed increases?

### *Substantive questions -*

4. Do you regard the overall proposals for fee increases for 2016/2017 to be fair and reasonable?
5. Do you regard it as reasonable and proper for the fees charged for registration and retention to be used to cover the general running costs of the Society and to ensure the performance of its statutory functions?
6. Do you regard it as reasonable and fair that the retention fee and the registration fee are the same on the basis put forward by the Council that the general costs of the Society should be borne by all fully qualified registrants equally?
7. Do you regard it as reasonable and fair that there should be no distinction made, on the basis of age, to the fee charged to registrants for retention on the Register?
8. Do you regard it as reasonable and fair that there should be no distinction made, on the basis of location to the fee charged to registrants for retention on the Register?
9. Do you regard it as reasonable and fair that the same fee structure should apply to all registrants seeking to be retained on the Register?

10. Do you agree that the Council should amend the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994 to revoke Regulation 4(2)(a) to remove the non-resident retention fee category?
11. Do you agree that the Council should amend the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994 to revoke Regulation 4(2)(b) to remove the over 65s retention fee category?
12. Do you agree that the Council should amend the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994 to revoke Regulation 4(2)(c) to remove the 70s retention fee category?
13. Do you regard it as reasonable and fair that students registering with the Society should pay a reduced registration fee for the reasons set out in this consultation document?
14. Do you regard it as reasonable and fair that the pre-registration examination fee should be set at a level broadly commensurate with the cost of holding that examination?
15. Do you regard it as reasonable and fair that the repeat pre-registration examination fee should not exceed the fee for the substantive examination and remain consistent with it?

## What is this consultation about?

The Pharmaceutical Society NI's primary source of income is derived from the fees charged to registrants and pre-registration students, with further funding coming from the registration of pharmacy premises and a small amount of additional revenue coming from investments. Responsibility for setting of premises fee levels lies with the DHSSPS under the Medicines Act.

In the course of the 2014/15 review of fees, which was the subject of public consultation, the DHSSPS was requested, under Article 25A of the Pharmacy (Northern Ireland) Order 1976, to approve amendments to some of the fees levied by the Society. During this approval process it became clear that there were a number of irregularities with the fees charged and that not all of the fees were consistent with the regulatory fee structure.

The Council initiated an immediate and extensive review of fees charged and their historic legislative basis. As a result, it became clear that over a period of years some registrants and prospective registrants were charged fees for services provided on the basis of a fee structure that was not wholly reconcilable with the regulations. In particular, this affected the registration of students and those taking pre-registration examinations. Registrants have already been written to by the Society and informed about this situation. A copy of this correspondence can be found at <http://www.psni.org.uk/publications/fees-2015/> with full details of the organisation's finances being detailed in our annual report which can be found at <http://www.psni.org.uk/publications/annual-reports-2/>. Hard copies of both the letter and the annual report can be provided upon request.

As a consequence, the Pharmaceutical Society NI is undertaking a comprehensive review of its fee structure and the legislative basis for such fees that it does, or proposes, to charge. Registrants will be aware that the Society has charged some fees that did not have an appropriate or proper legislative basis. The Society wishes to effectively and expeditiously rectify this situation, so far as is practicable. The overall intention is to provide those who pay a fee a fair fee structure which is accessible and transparent.

This draft consultation is the first step in the process to remediate the situation. This consultation does not resolve all of the identified issues, but seeks to regularise the most important fees needed to fund, enable and protect the Society's statutory functions. The Society is mindful that it must have a certain level of funding to be able to carry out its obligations pursuant to the 1976 Order and to ensure public safety in the provision of general pharmacy services.

It is anticipated that a further, more expansive, consultation exercise will take place in 2016, dealing with all of the outstanding matters of which the Council is aware.

Registrants can be assured that the Society will not charge any fee that does not have a proper and firm legislative basis. Registrants can also be assured that the Council's

intention through the consultation and regulatory amendment process is to regularise the fee structure and ensure that it is open and transparent.

### **Current fee structure**

The 1976 Order gives express statutory authority to the Council of the Pharmaceutical Society NI to levy fees in relation to the following areas:

- Registration
- Retention of registration
- Examination
- Annotation of the register

There are 3 categories of person who may be charged fees by the Society, namely pharmaceutical chemists, druggists and students. Whilst the category druggist does exist in legislation, no such person is currently registered with the organisation.

Fees collected in these areas are used to ensure that the Pharmaceutical Society NI is able to carry out its statutory duties which relate to, but are not limited to, education and training; registering competent professionals; setting and monitoring professional standards; taking action when standards are not met and investigating complaints.

### **Identification of fees proposed for amendment**

The proposed regulations containing the fees that the Council of the Pharmaceutical Society NI wishes to introduce at this stage, which are the subject of this consultation, are attached. Whilst acknowledging that this exercise is part of a work in progress, the fees identified are central to the organisation's capacity to operate effectively and fulfil its statutory obligations.

This consultation will address the legislative basis for each of the fees, identify how these fees have been historically developed, specify the rationale for the fee and particularise how and why we propose to amend this fee.

These fees, which fall into 5 broad categories, are -

1. registration fees for pharmaceutical chemists
2. registration fees for students
3. retention fees for pharmaceutical chemists
4. the penalty fee for failing to pay the annual retention fee
5. pre-registration examination fees

## **1. Registration fees for pharmaceutical chemists**

The registration fee for pharmaceutical chemists currently stands at £372. Previously, the fee was set at £90 in 1994, rising over the years to £345 in 2008. This fee was last increased in 2009 to the current level of £372. The fee has remained fixed since that time.

This fee has always been properly provided for, by amendment to the General Regulations, and any fee increase has been based upon an associated legislative uplift.

This fee was previously consulted upon between 22nd September 2014 and 22nd December 2014. Following that consultation process, it was proposed that the registration fee would increase in 2015/2016 to £395, A Professional Standards Authority (PSA) levy of £3 would then need to be added to any fee charged.

Due to the issues that were discovered with the legislative grounding for some fees charged, the consulted upon and anticipated uplift in the registration fee did not occur for 2015/2016. Essentially no legislative provision was made to increase this fee.

The fee for 2015/2016 has remained at its current level which was set in 2009, rather than increasing as expected. The Council has had regard to the current level of expenditure, its anticipated expenditure for 2016/2017 and the necessity to be fair and balanced when levying fees. The Council would therefore propose to increase the registration fee for pharmaceutical chemists for 2016/2017 to the level that was previously determined and planned for 2015/2016 namely £398 (inclusive of PSA levy).

Accordingly, the Council proposes to ask the DHSSPS to approve regulations that will enable the registration fee for pharmaceutical chemists to be increased from £372 to £398 for 2016/2017 (inclusive of PSA levy).

The fee increase proposed by the Council in relation to registration for pharmaceutical chemists is regarded reasonable, fair and proportionate. This fee incorporates and includes the general costs of running the Society and pursuing the purposes and objects contained in the 1976 Order. This includes the costs associated with operating the Regulatory functions of the Society and promoting the Continuing Professional Development Programme. This, in the Council's view, is a fair and measured way of properly distributing the costs incurred by the Society amongst registered persons.

To help understand the costs associated with the running the Society and the distribution of those costs, please refer to the current financial details section below. A consideration of any of the proposed fee increases must take account of (a) the actual running costs that the Society incurs pursuant to its statutory obligations and (b) how those fees can be fairly distributed amongst registrants.

There is a direct correlation between the general costs of running the Society and fees linked to registration and retention. As will be apparent, to ensure an even balance, the proposed registration and retention fees for pharmaceutical chemists are similar.

## **2. Registration fees for students**

The registration fee charged for student registration until June 2015 was £194. Previously, the fee was set at £5 in 1994, rising over the years to £145 in 2005.

The current fee properly provided for in the General Regulations is £145, which was introduced in 2005. As is now evident, there was no power to charge a fee greater than £145, after 2005, as this was in excess of statutory authority.

The previously charged fee of £194 was the subject of consultation between 22nd September 2014 and 22nd December 2014, with the proposal that the fee be increased to £206 in 2015/16.

Due to the issues that were discovered with the legislative grounding for some fees charged, the consulted upon and anticipated uplift in the student registration fee did not occur for 2015/2016. Essentially no legislative provision was made to increase this fee.

This is a matter that must now be reconsidered afresh as part of this consultative process. However, the rationale for this specific fee increase remains largely unchanged since the 2014 consultation.

The fee for 2015/2016 has remained at its current level, £194, which was introduced in 2009. No increase followed the 2014 consultation exercise. The Council has had regard to the current level of expenditure, its anticipated expenditure for 2016/2017 and the necessity to be fair and balanced when levying fees. The Council would therefore propose to increase the student registration fee for 2016/2017 to the level that was previously determined and planned for 2015/2016 namely £206.

Accordingly, the Council proposes to ask the DHSSPS to approve regulations that will enable the student registration fee to be increased to £206 for 2016/2017.

The fee increase proposed by the Council in relation to student registration is regarded reasonable, fair and proportionate.

As will be clear, the student registration fee is significantly less than the fees for the registration and retention of pharmaceutical chemists. This is because the Council does not hold that it is fair or reasonable to expect students, registering with the Society for the first time, to pay the same level of registration fee as a fully qualified pharmaceutical chemist. This is not necessarily to be regarded as a subsidised fee. Students are not subject to fitness to practise proceedings nor do they have to engage with the Continuing Professional Development Programme. Whilst benefiting from registration with the Society, not all of the general running costs are defrayed in favour of students.

There is, accordingly, some reduction of fees for the registration of students. This, in the Council's view, is a fair and measured way of properly distributing the costs

incurred by the Society amongst registered persons, both students and pharmaceutical chemists.

The basis for the pre-reregistration fee is that of cost recovery. Whilst the number of students and overall income may vary from year to year, we are proposing a fee based upon the projected intake for 2015/2016 of 215 students. The staff costs associated with management, administration and induction and IT support amount to approximately £44,000 and the proposed fee of £206 levied on 215 students would raise £44,290.

Students are not subject to the Professional Standards Authority (PSA) levy.

### **3. Retention fees for pharmaceutical chemists**

The retention fee for pharmaceutical chemists currently stands at £372. The 1994 General Regulations recognised specific categories of retention fee for “over 65”, “over 70” and those not resident in Northern Ireland. Each of these categories is dealt with separately.

#### Standard retention fee:

The retention fee for pharmaceutical chemists currently stands at £372. Previously, the fee was set at £90 in 1994, rising over the years to £345 in 2008. This fee was last increased in 2009 to the current level of £372. The fee has remained fixed since that time.

This fee has always been properly provided for, by amendment to the General Regulations, and any fee increase has been based upon an associated legislative uplift.

This fee was previously consulted upon between 22nd September 2014 and 22nd December 2014. Following that consultation process, it was proposed that the retention fee would increase in 2015/2016 to £395. A Professional Standards Authority (PSA) levy of £3 would then need to be added to any fee charged.

#### Over 65 retention fee:

The retention fee for pharmaceutical chemists falling into the over 65 category currently stands at £372. Previously, the fee was set at £40 in 1994, rising over the years to £126 in 2008. This fee was last increased in 2009 to the current level of £372. The fee has remained fixed since that time.

The distinction based on age that previously applied to the retention fee was effectively removed, following consultation, in 2009 for the over 65 category. This distinction was regarded as potentially discriminatory on the basis of age. The fee for retention, for a person falling into the over 65 category, was brought into line with the standard retention fee in 2009.

This fee has always been properly provided for, by amendment to the General Regulations, and any fee increase has been based upon an associated legislative uplift.

A fee for retention on the register was previously consulted upon between 22nd September 2014 and 22nd December 2014. This did not particularise the over 65 category, as the Council did not regard the over 65s as falling into a special category for consideration. The Council took the view that the over 65s simply fell to be regarded in the same way as, and along with, all other registrants seeking retention.

The Council contends that a single retention fee is fair and reasonable, spreading the cost of running the society evenly between those who benefit equally from registration.

It is proposed that the same fee structure should apply to all pharmaceutical chemists seeking to be retained on the Register.

It is further proposed that any distinction based on age should be removed from the Regulations governing fees. To this end, the Council proposes to remove from the General Regulations the over 65s category. This will require a revocation of Regulation 4(2)(b) of the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994.

#### Over 70 retention fee:

The fee charged between June 2009 and June 2015 for this category of retention was £372. Previously, the fee was set at £40 in 1994, rising over the years to £126 in 2008.

The fee increase that was intended by the Council in 2009 was, unfortunately, not reflected in the 2009 Regulations. Accordingly, there was no statutory authority to charge more than the 2008 fee of £126 from 2008.

It had been the intention of the Council to remove any distinction in the retention fee based on age from 2009. This was to coincide with the removal, in practical terms, of an over 65 distinction. Both distinctions, based on age, were regarded as potentially discriminatory.

The fee for retention, for a person falling into the over 65 category, was brought into line with the standard retention fee in 2009. It is still the intention of the Council to follow through with the removal of any aged based distinction in the retention fee. Accordingly, to regularise the position, the Council proposes to remove any practical distinction between the different categories. This means that the retention fee for a person over 70 will not differ from any other registered and retained member.

A fee for retention on the register was previously consulted upon between 22nd September 2014 and 22nd December 2014. This did not particularise the over 70 category, as the Council did not regard the over 70s as falling into a special category

for consideration. The Council took the view that the over 70s simply fell to be regarded in the same way as, and along with, all other registrants seeking retention.

The Council contends that a single retention fee is fair and reasonable, spreading the cost of running the society evenly between those who benefit equally from registration.

It is proposed that the same fee structure should apply to all pharmaceutical chemists seeking to be retained on the Register.

It is further proposed that any distinction based on age should be removed from the Regulations governing fees. To this end, the Council proposes to remove from the General Regulations the over 70s category. This will require a revocation of Regulation 4(2)(c) of the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994.

*Retention fee for those registrants not resident in Northern Ireland:*

The Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994, Regulation 4(2)(a) details a category of registrant for which a specific retention fee is applicable. This category of registrant is defined as:

- (a) a member of the Society who resides outside Northern Ireland and-
  - i. does not own a retail pharmacy business in Northern Ireland; or
  - ii. does not hold the position of superintendent of a body corporate carrying on a retail pharmacy business in Northern Ireland; or
  - iii. is not employed as a pharmacist in Northern Ireland.

The fee charged between June 2011 and June 2015 for this category of retention was £372. Previously, the fee was set at £40 in 1994, rising over the years to £170 in 2009. Accordingly, there was no statutory authority to charge more than the 2009 fee of £170 from 2011.

The Council no longer regard it as necessary to provide an avenue for this category of person to be retained on the register. The purpose of registration and retention on the register is to enable pharmacists to practise pharmacy in Northern Ireland. This category entitles a qualified pharmacist, resident outside of Northern Ireland, to appear as a retained member on the Register but does not entitle them to practise pharmacy in Northern Ireland.

It is proposed that the fee for retention for a person falling into this category should be fixed at the same level as the general retention fee. The Council contends that a single retention fee is fair and reasonable, spreading the cost of running the society evenly between those who benefit equally from registration. Therefore it is proposed that pharmacists in this category should be charged the same fee as all other registrants seeking retention namely £398.

It is further proposed that this category of eligibility for retention should simply be removed. This would mean that any eligible person, seeking retention, will be charged

the same fee. To this end, the Council proposes to remove this category from the General Regulations. This will require a revocation of Regulation 4(2)(a) of the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994.

**Retention fee for registered pharmacists proposal:**

Due to the issues that were discovered with the legislative grounding for some fees charged, the consulted upon and anticipated uplift in the retention fee did not occur for 2015/2016. Essentially no legislative provision was made to increase this fee.

The Council has had regard to the current level of expenditure, its anticipated expenditure for 2016/2017 and the necessity to be fair and balanced when levying fees. The Council would therefore propose to increase the retention fee for all registered pharmacists for 2016/2017 to the level that was previously determined and planned for 2015/2016 namely £398 (inclusive of PSA levy) and that this fee would be the only retention fee applicable.

Accordingly, the Council proposes to ask the DHSSPS to approve regulations that will enable the retention fee for pharmaceutical chemists (without any distinction based on age or location) to be increased from £372 to £398 for 2016/2017 (inclusive of PSA levy).

#### **4. The penalty fee for failing to pay the annual retention fee**

Pursuant to Article 15(3) of the 1976 Order, a penalty fee is payable, along with the normal retention fee, to enable a person to be restored to the Register following removal for non-payment of fees. This fee is enabled by Article 5(1)(e) of the same legislation.

The penalty fee was set at £25 in 1994, rising over the years to £75 in 2002. This fee was last increased in 2008 to the current level of £500. The fee has remained fixed since that time.

The current fee properly provided for in the General Regulations is £75, which was introduced in 2002. As is now evident, there was no power to charge a fee greater than £75, after 2002, as this was in excess of statutory authority.

The proposal, in this document, is to only charge the fee as prescribed in regulations, namely £75, pending a more comprehensive review of regulations and therefore this does not form any part of this current consultation.

#### **5. Pre-registration examination fees**

The examination fee for students charged until June 2015 was £164. Previously, the fee was set at £75 in 1994, rising over the years to £160 in 2008. This fee was last increased in 2009 to the current level of £164. The fee charged has remained fixed since that time.

The current fee properly provided for in the General Regulations is £75, which was introduced in 1994. As is now evident, there was no power to charge a fee greater than £75, after 1994, as this was in excess of statutory authority.

The basis for the examination fee is that of cost recovery. Whilst the number of students and overall income may vary from year to year, we are proposing a fee based upon the projected intake for 2015/2016 of 215 students.

The cost of setting, holding and marking the examination, room hire and invigilation, staffing and other associated costs amount to approximately £37,000 and the proposed fee of £174 levied on 215 students would raise £37,400.

Due to the issues that were discovered with the legislative grounding for some fees charged, the consulted upon and anticipated uplift in the examination fee did not occur for 2015/2016 nor in previous years. Essentially no legislative provision was made to increase this fee.

This is a matter that must now be reconsidered afresh as part of this consultative process. However, the rationale for this specific fee increase remains largely unchanged since the 2014 consultation.

It is the Council's view that the examination fee provided for in the 1994 General Regulations clearly did not keep pace with the actual cost of holding that examination. The 1994 fee is simply unsustainable given the real cost of the examination.

Over the last 21 years, the pre-registration examination fees have increased progressively and broadly in line with the costs associated with, and linked to, the provision of the examination. After taking into account the real cost of setting, holding and marking the examination, room hire and invigilation, staffing and other associated costs to the Society, it is clear that the cost of the exam is broadly comparable to the fees proposed. The increase in cost of the examination over the years has not been reflected in similar amendments to the General Regulations.

Accordingly, the Council proposes to ask the DHSSPS to approve regulations that will enable the pre-registration examination fee to increase to £174 in 2016/2017.

*Repeat pre-registration examination fee:*

The repeat examination fee for students charged until June 2015 was £164. Previously, the fee was set at £40 in 1994, rising over the years to £160 in 2008. This fee was last increased in 2009 to the current level of £164. The fee has remained fixed since that time.

The current fee properly provided for in the General Regulations is £40, which was introduced in 1994. As is now evident, there was no power to charge a fee greater than £40, after 1994, as this was in excess of statutory authority.

This is a matter that must now be considered afresh as part of this consultative process.

The number of students ordinarily repeating the pre-registration examination is relatively small. The actual cost of setting, holding and marking the repeat examination has increased over the years and far exceeds the 1994 level of fee provided for in the General Regulations.

Indeed, the cost of the repeat examination far exceeds any fees that are recovered from the small number of students who sit the exam at the fee set in regulations. Accordingly the Council proposes to distribute the cost evenly amongst the students who sit or repeat the exam.

As a consequence of the above considerations, the Council proposes that the fee for a repeat examination should not exceed the cost of the main pre-registration examination and should remain comparable with it. Accordingly, the Council proposes to ask the DHSSPS to approve regulations that will enable the repeat pre-registration examination fee to increase to £174 in 2016/2017.

### **Current financial details**

The Annual Report, as laid before the Northern Ireland Assembly on 21 September 2015 provides full details of how the organisation operates including full details of the operational and financial activities. A copy of this report can be found at <http://www.psni.org.uk/publications/annual-reports-2/> or is available on request in hard copy.

In 2013/14, for the first time in recent years the Pharmaceutical Society NI recorded a deficit in the annual accounts of £59K compared to a surplus the previous year of £13K. In 2014/15 while the deficit has been reduced to £44K this has at least, in part, been due to projects which could not be advanced as planned due to external constraints.

In the current year, 2015/16, we predict the organisation will continue to be in a deficit due largely to our fixed income base and increasing operational costs, particularly in relation to Fitness to Practise, Governance and deferred project costs. The current estimate is a deficit of £152K.

Through the proposals for fee increases set out herein if adopted by Council, completion of projects and further identified cost savings this deficit will reduce in 2016/17 to £51K. The deficit is made up in part of a small number of fees previously charged and now discontinued pending a fuller review of fee structures and a rebalancing of income and expenditure in the light of increases in cost around governance and fitness to practise, set out elsewhere in this document.

While the organisation retains a strong balance sheet, with sufficient reserves to cope in the short term, we must explore all opportunities to expand the income

base while also maintaining sufficient reserves for contingencies.

With current reserves being around one year’s operating costs; the Council are proposing that over the next three years these are reduced to a minimum of six months operating costs in a controlled fashion to ease the burden on registrants and to retain sensible reserves for contingencies in keeping with best practice.

The further work we plan on fees will see proposals brought forward next year for modest increases of around 3% per annum over two years, designed to create a break even budget by the end of the cycle.

It should be noted that fees have remained static since June 2009, during which time inflation and our regulatory costs have increased (see below).

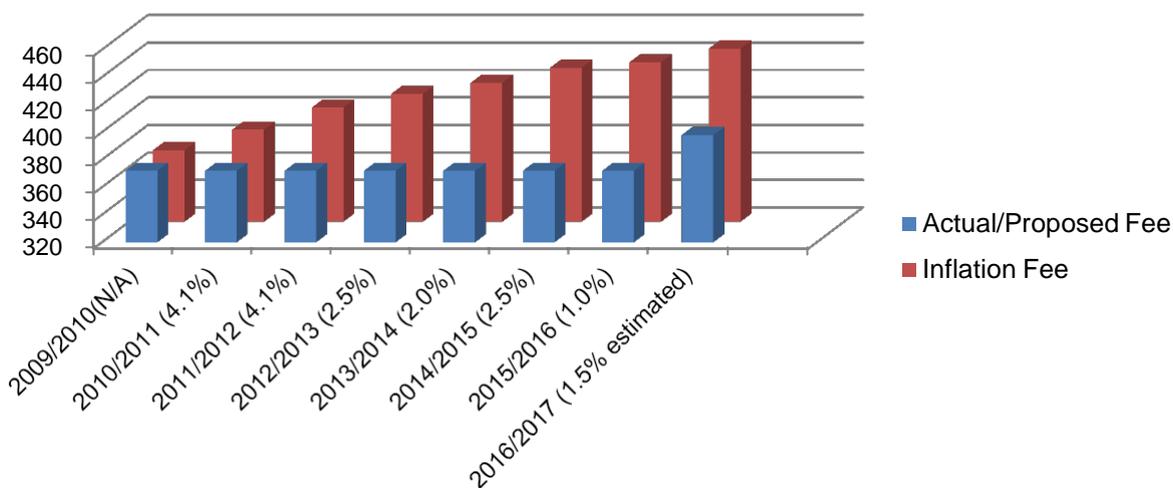
**Table 1: Increase linked to inflation**

Year	Inflation (RPI)	Retention fee (if uplifted in line with inflation)	Actual/Proposed Fee
2009/2010	N/A	£372	£372
2010/2011	4.1	£387	£372
2011/2012	4.1	£403	£372
2012/2013	2.5	£413	£372
2013/2014	2.0	£421	£372
2014/2015	2.5	£432	£372
2015/2016	1.0	£436	£372
2016/2017 (estimated)	1.5	£446*	£398*

**\*Inclusive of £3 PSA levy.**

From this table it is clear that had fees merely kept in line with inflation, disregarding the increased workload, the estimated fee by 2016/17 would have been £446. The proposed fee for 2016/17 is £398.

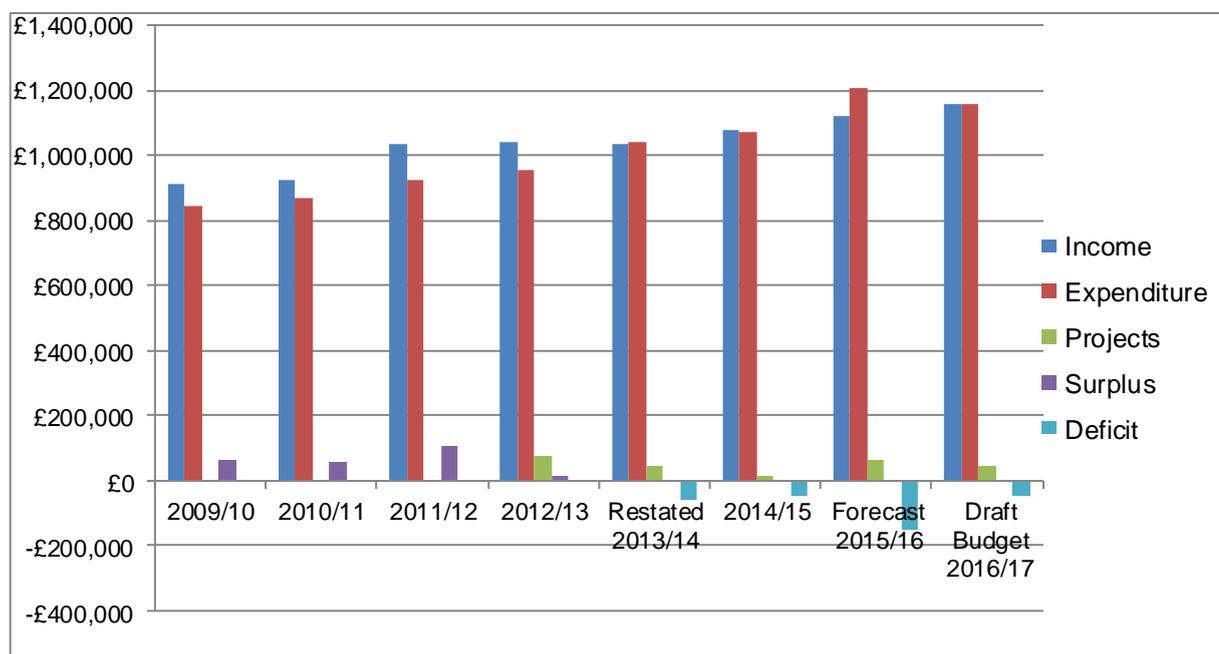
**Figure 1: Below shows how the retention fee has or would have increased over the period, had the fee increased by a percentage increase linked to inflation**



The organisation has been investing in technology and changing the way that it operates to minimise costs, and the early savings realised from this exercise have generated surpluses in the lead up to legislative change which have either been reinvested in improvements or in cash to support the transition.

Unfortunately, our forecasts for the next two years, including the proposed fee increases, suggest we will be operating a deficit and will be required to rely on our reserves. This will be exacerbated even further if this fees proposal is not implemented, in which case a further £108K would be needed from reserves, which will need to be recovered in the future. Figure 2 shows the income over expenditure from 2009/10 to 2014/15 and Table 2 shows the financial performance from 2009/10 to 2014/15 and both include budget predictions for 2015/16 and 2016/17, on the basis that this fees proposal is accepted and implemented by the start of 2016/2017.

**Figure 2: Our financial performance 2009/2010 to 2016/2017**

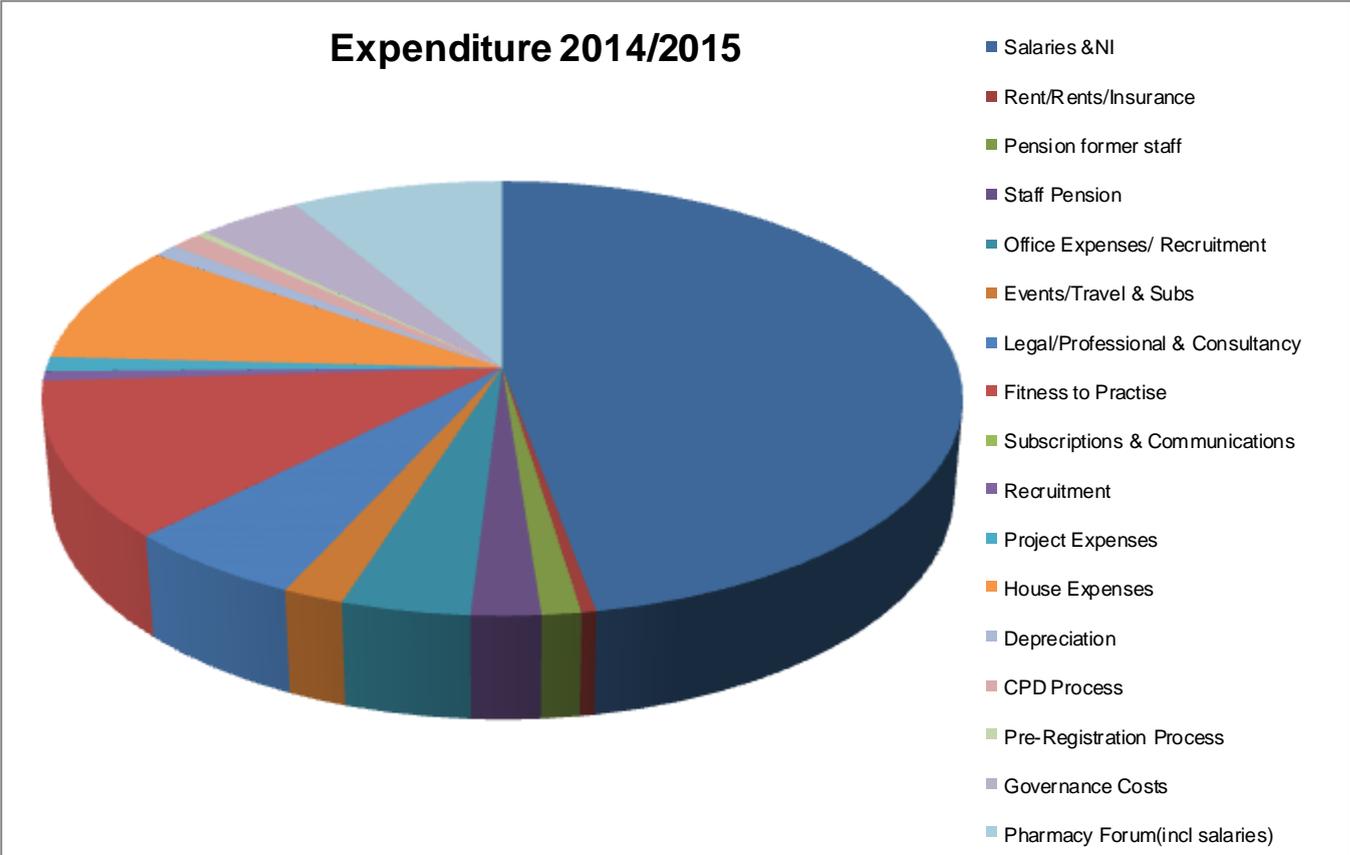


**Table 2: Financial Performance and budget from 2009/10 through to 2016/17**

	2009/10	2010/11	2011/12	2012/13	Restated 2013/14	2014/15	Forecast for 2015/16	Draft Budget 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>	£911	£927	£1,033	£1,044	£1,032	£1,077	£1,121	£1,158
<b>Expenditure</b>	£847	£871	£925	£1,031	£1,044	£1,071	£1,106	£1,159
<b>Project Costs</b>					£44	£16	£64	£47
<b>Surplus/deficit</b>	£64	£56	£108	£13	(£56)	(£10)	(£149)	(£48)
<b>Written off Investments</b>						(£31)		
<b>Deficit on Ordinary Activity before tax</b>						(£41)		
<b>Tax</b>					(£3)	(£3)	(£3)	(£3)
<b>Surplus/deficit for the year</b>	£64	£56	£108	£13	(59)	(£44)	(£152)	(£51)

Whilst this is a position that we can sustain in the short-term and have made provision for, such a policy would not be viable long-term. Therefore the Council is proposing over a period of three years, beginning in 2015, to ensure that we have sufficient funds to carry out our legislative requirements whilst financially rebalancing our operation to make the most prudent use of our resources. Our annual operational costs in 2014/15 were £1,087,604, including project costs of £16,123. Figure 3 shows where our funds are spent, by cost type.

**Figure 3: Expenditure – cost by type 2014/15**



In the current financial year the organisation will be implementing changes that will see further reductions in costs.

Further investment in IT will realise a saving of around £10k per year when complete and will further improve service through on-line retention. We have previously introduced on-line pre-registration portfolios and developed on-line CPD recording.

Allied to our drive to reduce costs and generate revenue, we are also seeking to collaborate with other Healthcare Regulators to share resources and facilities to the mutual benefit of each organisation.

However, even with these successes overall the operational costs of regulation have increased particularly in two key areas.

With the introduction of the Legislation in 2012, both our costs relating to Fitness to Practise and Governance increased. These changes were essential to enable the organisation to meet its statutory obligation to protect the public.

### **Fitness to Practise**

The overall number of complaints to the organisation has remained relatively steady but due to the wider range of sanctions available and the increasing complexity of the concerns raised, the number of cases being advanced has dramatically increased.

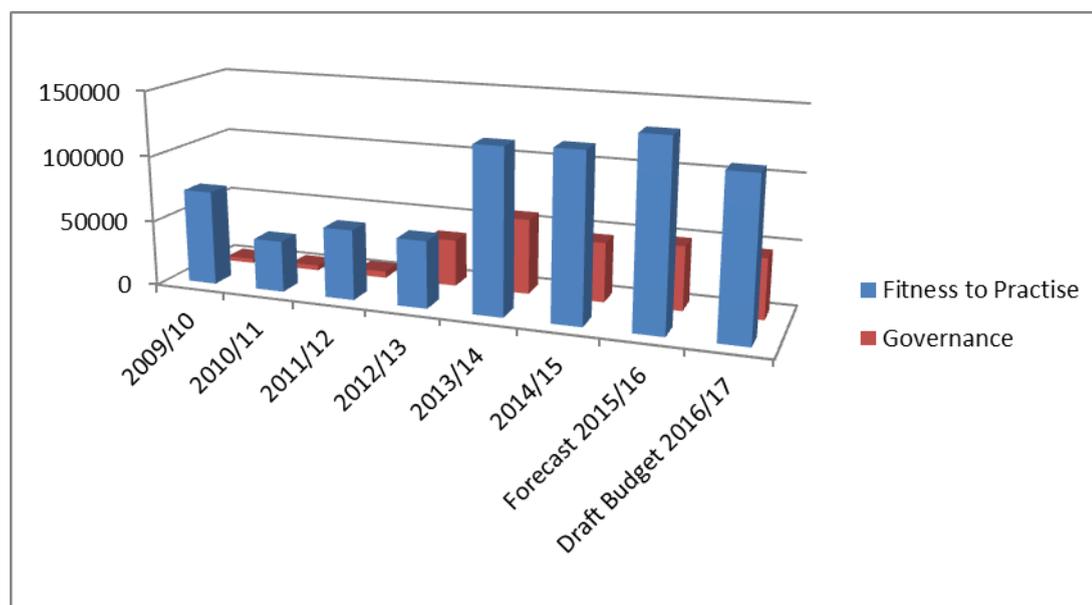
In the year 2009/10 this organisation presented 5 full cases before a Statutory Committee. In 2014/15 this number had risen to 15 Statutory Committee cases, (including 11 Interim Order hearings and 2 High Court hearings) and 11 Scrutiny Committee (initial proceedings) cases. These responsibilities, along with general inflationary pressures since 2009, make it necessary, alongside controls on cost, to increase fees.

Looking forward, the trend over the last three years does, however, appear to demonstrate a stabilisation in case numbers being advanced – we have begun to reduce the cost per case by restructuring our staff to create internal legal expertise and have worked with our legal advisors to minimise costs per case.

**Table 3: Fitness to Practise expenditure**

	Number of Scrutiny Cases	Number of Statutory/ Interim Order hearings & reviews	Amount
2009/10		5 (including 1 high court referral)	£72,297
2010/11		4	£39,218
2011/12		4	£53,594
2012/13	4	8	£51,163
2013/14	8	15	£124,877
2014/15	11	15 (including 2 high court referrals)	£126,638
2015/16 Forecast	11	18 including 2 high court referrals	£140,000
2016/17 Draft Budget	11	17 including 1 high court referral	£120,000

**Figure 4: Fitness to Practise and Governance cost increases from 2009/2010**



## Governance

Changes introduced in Governance arrangements, including structure and remuneration have seen a significant increase in costs. Expenditure relating to Governance increased from £3k in 2009/2010 to £57k in 2013/2014. In 2014/15 expenditure relating to Governance was reduced to £45K and the forecast for 15/16 and draft budget for 16/17 is similar, this has been achieved by careful management of meetings and strict budget controls. Table 4 details the Governance costs for 2009/10 through until 2016/17

The increase in Governance costs is mainly due to the replacement of the former largely voluntary, elected unremunerated Council to the introduction of a selected, remunerated Council. Additionally, there has been a necessary increase in the associated committee oversight work required to fulfil our regulatory function. Going forward it is not anticipated Governance costs will change materially now that the revised Governance structures have been established and operated for two years – we will review our Governance structures and, where opportunities arise to reduce costs, these will be taken.

**Table 4: Governance Costs**

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Forecast 2015/16	Draft Budget 2016/17
<b>Totals</b>	£3,378	£3,861	£5,009	£35,791 <sup>[1]</sup>	£57,549	£45,373	£48,812	£47,916

## Pre-registration

The direct costs associated with the running of the pre-registration programme which includes the examination, amount to approximately £81K, which excludes overheads and other indirect costs. In year 2009 there were approximately 150 pre-registration students. Currently this figure has grown to 215. These fees, if approved, would create a rough balance between income and expenditure.

<sup>[1]</sup> In October 2012 (2012/2013) the new Governance structure came into existence four months into our financial year. 2013/2014 was the first year that had a full year of Governance costs under the new legislative arrangements.

## **Professional Standards Authority levy**

The Professional Standards Authority (PSA), formerly known as CHRE, is the oversight body for all healthcare regulators in the UK. Until recently, the PSA had been funded centrally by Government as a non-departmental public body.

In 2010, the Department of Health conducted a review of its Arms-Length Bodies as part of the wider review of government bodies. The study found no compelling reason for the PSA to continue to be funded by the Government and Devolved Administrations. Instead, the review recommended that the organisation be funded through a compulsory levy on the regulatory bodies it oversees.

The Health and Social Care Act 2012 provided for the PSA to be funded by the regulatory bodies. The Act enabled the Privy Council to make regulations requiring each of the regulatory bodies that regulate health and social care professionals to pay fees to the PSA in relation to the functions undertaken by the Authority. In its consultation, the Authority proposed a number of ways to calculate the fees due from each regulatory body. The outcome of the consultation was a decision to levy each regulator with the same fee per registrant. The Professional Standards Authority for Health and Social Care (Fees) Regulations 2015 came into force on 1 April 2015.

Whilst it is anticipated that there will be slight variation year on year dependent on the workload of the PSA, the current estimate for this levy is £3 per registrant per year. As the vast majority of income is derived from fees, and the levy imposed is related to the number of registrants, it is necessary to recover this cost through the registrant fee structure.

## Proposals

To meet ongoing statutory obligations, the Council is proposing the prudent use of current reserves combined with a modest increase to registration and retention fees over the next three years. The costs associated with providing necessary services linked to examinations will be reflected in the fees it is proposed to charge for those services.

Below is the proposed fees structure for 2016/17. By increasing the fees and with the prudent use of reserves the Council aims that within three years the organisation will return to a breakeven position on operations.

**Table 5: Proposed fees cross referenced to proposed regulations**

Fee	Regulation in proposed Regulations	Fee in current regulation (date of regulations)	Fee previously charged	Proposed fee for 2016/17 Under Article 5 (1) e of the 1976 Order
<b>Registration</b>				
Registration fee for students	3	£145 (2005)	£194	<b>£206</b>
Registration fee for Pharmacists	3	£372 (2009)	£372	<b>£398</b>
<b>Retention</b>				
Retention fee for Pharmacists	4	£372 (2009)	£372	<b>£398</b>
<b>Examination</b>				
Examination fee (pre-registration examination)	5 (a)	£75 (1994)	£164	<b>£174</b>
Repeat Pre registration Examination fee	5 (b)	£40 (1994)	£164	<b>£174</b>

All of the fees that the Society seeks to amend, at this stage, are already contained within the 1994 General Regulations. No issue can therefore arise concerning the power to levy such fees, as they clearly flow directly from Article 5(1)(e).

There remain four further fees not called out in this consultation which are currently contained within the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994.

These are:

- A fee payable for restoration of a person's name following removal by Statutory Committee - Regulation 3
- The retention fee payable in respect of a student of the Society - Regulation 4(1)(c)
- A penalty fee for default in payment of the retention fee, in respect to a person who has been a student- Regulation 5(c)
- A fee in regards to the provision of a replacement certificate - Regulation 6.

These fees will be considered at a later stage of the fees review as part of a further Consultation exercise. In the interim, these fees will, where applicable, only be charged at the level provided by the General Regulations, as amended.

## Regulations

# The Pharmaceutical Society of Northern Ireland (General) (Amendment) Regulations (Northern Ireland) 2016

Made - - - -

Coming into operation - 1st June 2016

The Council of the Pharmaceutical Society of Northern Ireland, in exercise of the powers conferred by Article 5 of the Pharmacy (Northern Ireland) Order 1976(a), makes the following Regulations with the approval of the Department of Health, Social Services and Public Safety(b)

### Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Pharmaceutical Society of Northern Ireland (General) (Amendment) Regulations (Northern Ireland) 2016 and shall come into operation on 1<sup>st</sup> June 2016.

2. In these Regulations “the principal regulations” means the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994(c).

### Amendment of the principal regulations

3. In regulation 2 of the principal regulations (registration fees) for “£372” there shall be substituted “£398” and for “£145” there shall be substituted “£206”.

4. In regulation 4 of the principal regulations (retention fees) in paragraph (1)(a) for “£372” there shall be substituted “£398”.

5. In Schedule 2 to the principal regulations (Conditions applicable to Registration Examination):-  
(a) in paragraph 3 (a) for “£75.00” there shall be substituted “£174”;  
(b) in paragraph 5 for “£40.00” there shall be substituted “£174” .

### Revocation

6. Regulation 4(2) of the principal regulations shall be revoked.

(a) S.I.1976/1213 (N.I.22) as amended by 1981 c.55, S.I.2004/429 (N.I.2), S.R.2004 No.78, S.R.2008 No. 192, S.R. 2012 No. 1916,, S.I. 2012/308, S.I. 2013/258 and S.R.2013 No 3036.

(b) S.I.1999/283 (N.I.1), Article 3(6)

(c) S.R.1994 No.202,as amended by S.R.1996 No.187, S.R.1999 No 217, S.R.2002 No.206, S.R.2003 No.356, S.R.2005 No.63, S.R.2006 No.207, S.R.2007 No.287 and S.R.2008 No 222 and S.R. 2009 No. 166.

Sealed with the Common Seal of the Pharmaceutical Society of Northern Ireland on      of      2016  
(L.S.)

Jim Livingstone  
President

Brendan Kerr  
Registrar

The Department of Health, Social Services and Public Safety hereby approves the foregoing Regulations.

Sealed with the Official Seal of the Department of Health, Social Services and Public Safety on      of      2016.

(L.S.)

A Senior officer of the Department of Health, Social Services and Public Safety

## Explanatory Note

(This note is not part of the Regulations)

These Regulations amend the Pharmaceutical Society of Northern Ireland (General) Regulations (Northern Ireland) 1994 (S.R. 1994 No. 202) by

1. increasing the fees payable in respect of
  - a. registration as a pharmaceutical chemist and as a student (regulation 2)
  - b. retention as a member of the Society (regulation 4)
  - c. registration examination and re-examination for students (schedule 2)
2. revoking regulation 4(2) of the principal regulations to remove distinct categories of retention fee for non-residents, over 65s and over 70s.

## Annex 1

This consultation is a public consultation which will be published on the Pharmaceutical Society NI website.

It is recognised that the subject matter is of particular relevance to certain groups and individuals these are:

1. Individuals on the Register of the Pharmaceutical Society NI
2. Students on the Student Register of the Pharmaceutical Society NI
3. The Ulster Chemists Association
4. The Guild of Healthcare Pharmacists
5. Community Pharmacy NI
6. The Pharmacy Forum
7. Individual Pharmacy Superintendents
8. Department of Health, Social Services and Public Safety