

Raising the money for the professional body — time for some hard thinking

By Bob Gartside, a pharmacist from Caernarfon, Gwynedd

Few things unite people so well as unwelcome demands on their pockets. So it should have been no surprise that just over 10,000 pharmacists, over a quarter of those on the Royal Pharmaceutical Society's Register, signed an online petition against the proposed 50 per cent increase in registration and retention fees in the few days for which it was open. The real surprise is that a body presently with compulsory membership could contemplate such a move on the eve of membership of that body becoming voluntary. The really big surprise will be if there are more than a handful of voluntary members after the change in status, since who can have any faith in a body that can do such a thing?

There must now be a grave danger that the proposed body for pharmacy akin to a royal college will fall at the first hurdle.

Only a firm determination to reverse the proposed fee increase, by whatever means it takes, can offer any hope for the future. This will be a great pity since the Society has existed for over 165 years and the loss of its accumulated knowledge and experience would be a disaster for the profession.

A study published a few years ago showed that few commercial firms exist for as long as a century. Those that do have shown a focused and ruthless determination to survive by whatever means it takes and nothing, nothing, has been allowed to stand in the way of their survival. Nature red in tooth and claw in the Darwinian jungle, as it were.

Now broadly speaking there are two kinds of elected bodies: those that are run by the elected members and those that are run by the secretariat. The second kind tends to be more comfortable for the elected members and can be quite effective unless and until some real crisis management is required.

As far as the Society is concerned that real crisis has now arrived. Careful examination of the financial documents shows that the increase is "necessary" because of two factors — increased regulatory workload because of the Pharmacists and Pharmacy Technicians Order and the need to shore up the Society's pension fund. The documents talk of increasing

reserves (surely the last action anyone should take now, akin to redecorating the ballroom as *Titanic* sinks) but the strong suspicion must be that those reserves are needed for the pension fund, which is in actuarial deficit according to the legal rules that govern such funds.

If, after this bombshell increase in fees, few people take up voluntary membership of the proposed body akin to a royal college (whatever its fee level) then the organisation is bound to die. It is possible that raw survival has become the name of the game and that sacrifices must be made.

There have been management errors in the past but recrimination and inquests will get us nowhere; only strong, drastic and immediate action will suffice.

The major expense in running the Society is its staff so, if the proposed rise in membership fees is to be averted, there will have to be substantial cuts in staff and drastic rearrangement of

their pension provisions. The alternative is likely to be an end of the organisation and an end to all employment and future pensions.

Of course there are possible actions to take which may lessen the blow. The actuarial calculations which show a deficit in the pension fund because people are tending to live longer can be revisited, and there are other technical measures which might be taken over this fund.

Actuaries are extremely clever people, but necessarily cautious. For example, the current furore in the stock markets and falls in values of shares will increase the calculated pension fund deficit even though markets may well have bounced back by the time it is necessary to sell shares to finance someone's pension (this being the way that pensions are normally financed).

It is to be assumed that the Government Actuary has examined the figures and decided that taking on the present regulatory staff will involve taking on a pension fund which, in the Government's opinion, will be in deficit. Some might feel that if the Government wants to take over regulation then it must be prepared to pay a premium to take on experienced and qualified staff. There

must have been negotiations on this point, surely the petition is more than ample reason to reopen these negotiations.

The actual pensions themselves can be renegotiated with the staff. It is surprising that the final salary scheme was only closed to new entrants relatively recently and perhaps even more surprising that some of the pensions may still be index-linked. Most private employees lost such provisions a decade or more ago — for the actuarial reasons that are now one of the major reasons for the proposed increase in membership fees.

Moving on, the Society could look at possible ways to raise capital against the buildings in Lambeth, Edinburgh and Cardiff. Lambeth, certainly, is owned by a trust but there may still be ways of realising some or all of its capital value while retaining use of the building. This might involve moving regulatory staff and facilities out of the building and letting the space which they now occupy. This would result, perhaps, in an increase in retention fees payable by members to the new regulatory body — but that should be of no concern to the Society.

At the limit, a way of selling Lambeth might be found and the Society moved to the outer London suburbs, following the National Pharmacy Association and the Pharmaceutical Services Negotiating Committee, which have made this move many years ago and seem to have suffered no harm in consequence.

Finally, and most importantly, the proposed operating methods for the representative body might be re-examined. The proposals so far appear to have been made by producing a wish list of activities, costing these up, and roughly translating that into an (unpublished) proposed membership fee. All the membership has been told is that the total of the fees for the two new bodies will be about the level of the proposed fee for the present Society. Since it is a reasonable expectation that regulatory fees under Government control will rise with the years, there should be a rethink over the probable fees for representation and leadership.

What is really needed is market research to establish the level of representation fees that pharmacists are prepared to pay. This should set the budget for the new body, whose activities should then be tailored to that budget. This would effectively treat pharmacists as customers for representation — a novel idea, but one which may well be necessary if the Society is to survive for another century and a half.

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