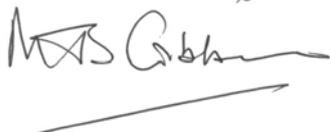


 <b>Regulatory Policy Committee</b>	<b>OPINION</b>	
<b>Impact Assessment (IA)</b>	Control of Entry and Exit in the NHS pharmaceutical market	
<b>Lead Department/Agency</b>	Department of Health	
<b>Stage</b>	Final	
<b>Origin</b>	Domestic	
<b>Date submitted to RPC</b>	12/06/2012	
<b>RPC Opinion date and reference</b>	13/07/2012	RPC11-DH-1016(3)
<b>Overall Assessment</b>	<b>AMBER</b>	
<p>The IA is fit for purpose. However, the IA should add the additional information provided to us to explain better the basis of the assumptions used in the cost-benefit analysis.</p>		
<p><b>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</b></p> <p><i>Costs to PCTs of administering market exit regime.</i> The IA makes several assumptions to estimate the additional costs to PCTs of £1.45m per annum to administer the market exit scheme, and the percentage of pharmacies likely to be de-listed by PCTs (3% over 10 years). The Department has provided additional information that explains clearly the basis of these assumptions. This additional information should be included in the IA before it is finalised.</p> <p><i>Impact on pharmacies.</i> The IA should provide more discussion of the cost to pharmacies which would have entered the market under the counterfactual but who will not be able to provide NHS pharmaceutical services as a result of these policies. Given that pharmacies chose to include NHS pharmaceutical services it appears they gain some additional benefit, for example increased sales of other products. These benefits would not be gained under this proposal. It appears the proposal will give advantage to incumbents, compared to new entrants. The IA should discuss this in more detail.</p>		
<p><b>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</b></p> <p>As this proposal relates to contractual activity it is out of scope of 'One-in, One-out' in accordance with the current One-in, One-out Methodology (paragraph 16; xi).</p>		
<p><b>Signed</b></p> 	<p><b>Michael Gibbons, Chairman</b></p>	