

## Clarification questions submitted to the Review Steering Group – Week ending Friday 27th May 2022

### **Will a no vote represent a vote of no confidence in PSNC and/or the LPCs? And will it lead to discussions continuing?**

The RSG has spent 15 months talking to contractors from all parts of the sector, analysing data and information, and exploring options for the future. The proposals represent the best consensus that was possible across the sector, with broad agreement from all parts of the sector on all of the proposals. The RSG recognises that for some the proposals will not go far enough, but where ideas were not taken forward this was due to the **different parts of the sector being unable to agree on them**.

A no vote on the proposals would mean that contractors do not want to take forward the suggested improvements to PSNC and the LPCs. As such, PSNC and the LPCs will not be required to make any changes but they may choose to do so individually.

However, it is highly likely that both PSNC and the LPCs will continue to operate as they do currently and, therefore, that both will continue to struggle to get better funding and service outcomes for contractors. There is no further resource available to fund the RSG, and its Terms of Reference expire at the point the vote is held. Consequently, the RSG will not continue its discussions if there is a no vote. Indeed, the contractors on the group agree that no additional levy monies should be spent on considering issues that they have been unable to resolve over the last 15 months.

### **How are independents and multiples currently represented on PSNC and will this change in the future?**

The PSNC Committee is currently evenly balanced between independents (regional representatives and NPA) and multiple pharmacies (CCA and non-CCA multiples). The RSG proposals seek to reduce the size of PSNC while maintaining the current balance between independents and multiples, thereby maintaining unity and representation for all the main parts of the sector. Maintaining the current 50/50 balance between multiples and independents on the PSNC Committee ensures that no one part of the sector can dominate to the extent that it can make the final decision on policy issues without seeking the support of the other parts of the sector.

The table on the following page outlines the current PSNC membership structure.

Independents	Number of places	Multiples	Number of places
2 members nominated by the Board of the <b>National Pharmacy Association</b>	2	Members nominated <b>by the Company Chemists' Association</b>	12
13 members elected on a <b>regional basis from independent chemists</b> England (PSNC regional representatives)^	13	Members elected from <b>the non-Company Chemists' Association multiples*</b>	3
<b>Total</b>	<b>15</b>	<b>Total</b>	<b>15</b>

**\*= Non-Company Chemists' Association multiples**

Means a contractor, other than a member company of the Company Chemists' Association, that operates retail pharmacy businesses from more than nine (9) premises in England from which NHS pharmaceutical service (including LPS arrangements) are provided or is a member of the Association of Independent Multiple pharmacies (AIMp). If one or more such candidates are nominated, one of the elected representatives must be a candidate nominated by a Multiple Chemist that has fewer than 30 premises on a pharmaceutical list in England. This ensures that smaller Multiple Chemists are guaranteed representation on the PSNC

**^= Independent Chemist**

Means a chemist that operates retail pharmacy businesses from no more than nine (9) premises in England from which NHS Pharmaceutical Services or Local Pharmaceutical Services are provided and is not a member of the Association of Independent Multiple pharmacies (AIM).

**The Wright Review indicated that some of the additional moneys required to fund crucial national work could be obtained by some of the smaller LPCs federating or merging. Why is the centre seeking additional funding from LPCs before they have had the opportunity to make efficiency savings by implementing the recommendations?**

LPCs will be asked to make increased contributions to PSNC, on a **trajectory** of an additional £1.5m pa by the levy year beginning April 2024/25. This will begin with an additional £750,000 in 2023/24 and a further £750,000 in 2024/25. PSNC will then develop a process to review the LPC-levy annually, taking soundings from the national forum of LPC contractor representatives. [Appendix 3: Levy and funding analysis](#) illustrate what this could mean for individual LPCs.

Subject to the proposals being approved by contractors, the levy apportionment will be recalculated across the LPC network, this will include re-examining the levy distribution from DSPs and reallocating PSNC's total required funding across LPCs according to each LPC's latest share of total prescription items. This will be an implementation priority by Summer 2022, giving LPCs adequate time to prepare for the 2023/24 budget planning cycle.

The additional levy contributions required of LPCs will require the LPC network to change and work in different ways to free resources. However, modelling of financial information provided by LPCs suggests the vast majority of LPCs in England can already meet the additional requirements in 2023/24 from excess reserves – giving LPCs and contractors at a local level over 20 months to consider how longer term efficiencies can be achieved. A few ways LPCs may want to increase their efficiencies are listed below

- Share services or federate with contiguous LPCs
- Reduce governing costs by reducing committee sizes
- Merge with other LPCs
- Make operational cost savings

The Wright Review recommended such measures, after conducting an LPC survey and following extensive engagement with the sector.

**What if contractors feel that the accountability of PSNC does not improve and/or do not support the vision proposed? How do the proposals enable contractors to hold PSNC accountable in light of the fact that the idea of an LPC Council has not been taken forward?**

For the first time, under the RSG proposals, PSNC is being asked to make public more information about its work – through KPIs, and livestreaming of its meetings – and to develop a negotiating strategy. This will give contractors more information about PSNC's work, which the RSG believes is necessary to form a view of its performance. While keeping the accountability of the Regional Representative structure, (all of whom are independent contractors, also serving as LPC members), PSNC is also being asked to undertake a governance review to further strengthen its accountability, and to launch a series of events for contractors.

The RSG has too proposed that a review of progress be built in in one to two years' time. If contractors in the future review the information about PSNC and are unhappy with its performance then in addition to the current channels available to them they will have further chances to raise this directly with PSNC via the new events or to input into the review of progress. However, it should be noted that the RSG is focused on a positive, not a negative future – it believes, as the Wright Review found, that the national negotiator does not currently have the resources it needs to effectively fulfil its role. RSG Members firmly believe that the changes proposed will lead to a stronger and more accountable national negotiator in the future, that has more of the resources that it needs to do its job.

It is also proposed that LPCs have an additional channel to PSNC via the national forum of LPC contractor representatives. The forum will be able to further inform PSNC on local matters, bring a stronger local voice to national work, and join up areas of mutual interest such as governance and levy setting.