Pharmacy Representation Review 2020

7 January 2020

Executive Summary

- The Pharmaceutical Services Negotiating Committee (PSNC) and the Local Pharmaceutical Committee (LPC) Network have commissioned an independent national review of pharmacy representation
- Both PSNC and LPCs are recognised by law.
- Following the publication of its Long-Term Plan in 2019, the NHS in England is undergoing significant structural changes, including the creation of Integrated Care Systems and Primary Care Networks. Within the next two years community pharmacies will be expected to engage at a local level (across populations of 30,000-50,000) with their counterparts in primary care.
- The network of local pharmacy representation does not reflect any current or planned NHS structures.
- Funding for community pharmacy was cut in 2016 by over £200m and will remain at the same level until 2024. This represents a real term reduction of around 25% over the 10-year period 2014-2024
- There is still a significant amount of work to be done to develop the current National Pharmacy Contract Framework (CPCF), with a financial risk to the sector of £1bn (out of the £13bn) over the lifetime of the current contract framework if this work is not delivered.
- We do not believe that PSNC currently has the necessary resource, structure, oversight and processes to deliver the workload required.
- The CCA believes in the need for strong local representation for contractors.
- The roles and responsibilities of LPCs have never been independently and objectively reviewed. The proposed review presents an opportunity to clearly define what local and national representation should look like and how any respective bodies should work together.
- We would like the review to also cover the oversight, structure and function of PSNC and LPCs
- The current local support network contains significant and unjustifiable variation and duplication in terms of remit, cost and value
- There is an opportunity for changes to be made that would release funding from within the current levy envelope that could be reinvested to support all contractors to achieve maximum revenues from the contract framework.
- All contractors should be served equitably by their local representative organisations
- Consideration must be made to the timing and cost of any changes to be made

Background

Simon Dukes, CEO of PSNC, announced a review into the local and national representation of community pharmacy contractors on 29 November 2019. The review will be commissioned by PSNC, funded by PSNC and LPCs in a 30:70 split of cost (£100k). The stated aim of the review is: "to ensure the best possible representation and support for community pharmacy contractors as they embark upon the delivery of the NHS Long Term Plan and the new Community Pharmacy Contractual Framework".

Professor David Wright, with a small team of academics from University of East Anglia and the University of Bristol, is leading the review independently and will make recommendations based on his findings. He is supported by a Steering Committee that will help advise him of the current issues and challenges that the sector is facing, but the final recommendations will be his alone to make.

The review will explore:

- Current and previous models of representation and support to try and evidence the benefits and costs and
- Other relevant models of representation which might provide insight – including from the devolved nations of the UK.

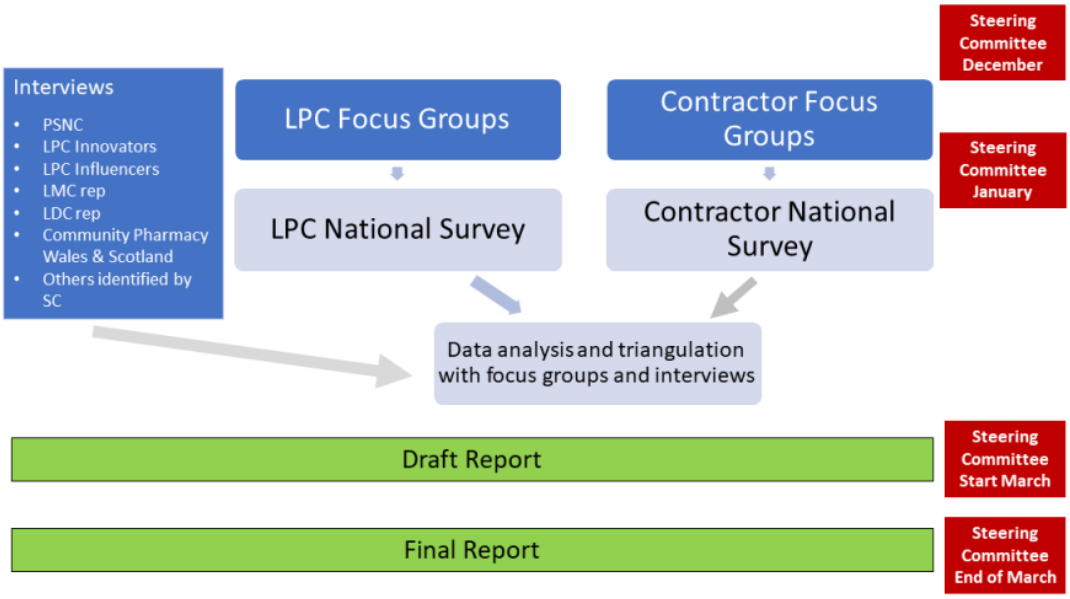
The review team will also examine ways of achieving a more joined-up approach to contractor representation and support and how to ensure efficiencies and make best use of digital technologies. To do this, the team will engage with contractors and wider stakeholders as well as exploring any legislative or constitutional changes that could enable delivery of the main objective.

Primarily the review team will look at what representation and support is needed by contractors now – and what the future requirement is likely to be. The financing of representation will be included in the review. It is estimated that the 11,500 community pharmacy contractors in England current pay £11.3m in levies to their LPCs every year. In turn, LPCs then pay £3.4m to fund the activities of PSNC.

Review Structure and Process

David Wright has appointed a Review Team (Appendix 1a) and a Review Steering Group (Appendix 1b). In December 2019 the Steering Committee was selected and met for the first time to agree the structure and process for the review. In January 2020 the review team will be conducting a series of Forums to hear from stakeholders across the country and to develop the national survey that will be used to canvass views and opinions from all contractors in February 2020.

The review team are looking to get a balanced view of LPC and non-LPC stakeholders, from geographies across the country. They are also keen to hear from independent contractors and businesses that operate multiple contracts, such as the members of the CCA (Appendix 1c). The review team will also conduct interviews with innovators, influencers and relevant external groups, as well as with the PSNC's executive team and committee members. In February 2020 surveys will be conducted of both LPCs and contractors. By the end of March 2020, the review team will produce a written report and recommendations for the commissioners of the review.



PSNC

The functions, or purpose, of the PSNC as set out in its constitution (effective 09 October 2018) are listed in Appendix 3.

In 2019 PSNC agreed a new five-year community pharmacy contractual framework (CPCF) with the Department of Health and Social Care (DHSC) and NHS England and Improvement (NHSE&I). This new framework included the phasing out of Medicines Use Reviews (MURs) (£94m) and Establishment payments (£164m), with the money released to be reallocated to the delivery of patient facing clinical services. Whilst there is a plan in place to develop the services that will enable contractors to earn £1bn over four years, the specific details of this have yet to be designed and agreed. The Pharmacy Quality elements will also continue to evolve over the lifetime of the contractual framework which will require considerable work and accounts for £300m over the next four years. The work required to develop the CPCF will be significant and PSNC is currently not sufficiently resourced to meet this demand. We would like the review to focus on ensuring that PSNC is adequately resourced to support all contractors to derive maximum revenues from the CPCF.

We would expect the review to also focus on the PSNC advocacy and negotiation functions to ensure that they have the right oversight, structure, processes and capabilities to deliver to a high standard. For example, we believe that the PSNC committee should be proportionately representative of the sector and the right size to be able to represent all contractors and to enable delivery and growth. In addition, the skills of those who sit on the committee should be better utilised to benefit the organisation and the sector.

It is our hope that a review of PSNC structure, processes and capabilities, with the establishment of clear KPIs and lines of accountability, will support all contractors through improved income, lower cost through operational simplicity/ reduced red tape, and the creation of meaningful activity in pharmacies that is professionally satisfying to the community pharmacy workforce, and delivers value for our payors in the NHS.

Current LPC landscape

LPCs were established across every local area in 1948. They are recognised by the NHS Commissioning Board (NHS England) under the provisions of section 167 of the National Health

Service Act 2006 as representatives of the pharmacy contractors in the local areas covered by specific Health and Wellbeing Boards. LPCs are also recognised by NHS England in relation to pharmaceutical services (which are commissioned by NHS England). As the services that can be provided by pharmacy extends to those that may be commissioned by other commissioners including Clinical Commissioning Groups (CCGs) and Local Authorities, LPC also seek to gain recognition as the representative body for pharmacy contractors with these other organisations. The majority of LPCs are formed using a model constitution provided by PSNC.

There are 69 LPCs in England, representing 11,500 pharmacies. The geographical boundaries of LPCs are not set to be co-terminus with those of any NHS or Local Authority commissioner or provider bodies.

The current health landscape in England is based on the system set out in the Health and Social Care Act 2012, which aimed to put GPs at the forefront of the commissioning process. Although the structures established by the Act have remained in place since it came into force in 2013, the way that commissioning is delivered in practice has evolved since then – and is continuing to do so. The NHS five-year forward view (2014) set out the aim to give CCGs more influence over the NHS budget. This was intended to support a shift in investment from acute to primary and community services.

Since 2016, new 'system-level' planning structures that bring together commissioners and a range of providers from the NHS and local government to plan collectively across local areas have been developing. Initially 44 Sustainability and Transformation Planning footprints (STPs) were established to agree system-wide priorities and plan collectively for local needs.

In some areas, STPs have evolved into Integrated Care Systems (ICSs), a closer form of collaboration in which the NHS and local authorities take on greater responsibility for managing resources and performance. At June 2019 there were 14 ICSs, however the NHS has set out an intention that ICSs will replace the STPs and cover the whole country by April 2021. The development of these system-level planning structures is one of the drivers behind the changes to commissioning, such as joint working and mergers between CCGs. STPs and ICSs are not statutory bodies, and accountability remains within the individual Trusts, CCGs and local Authorities. In most cases ICSs cover the same geographical area as the STP from which they evolved, although this is not always the case.

The current value of the CPCF is £2.592bn pa. The value of this contractual framework is set by the Treasury and Department of Health and Social Care (DHSC), with the details of what contractors will need to do in order to pull down on this funding is 'negotiated' by PSNC, DHSC and NHS England. All nationally commissioned pharmacy services, except for the Seasonal Flu Jab service, are funded from the CPCF. The national value of locally commissioned Enhanced Services has never been established; however, it is thought to be in the region of £60m to £100m pa, or £5k-8k per contract in England.

LPCs vary in size from Greater Manchester (619 contractors) to Barnsley representing just 52 pharmacies (Sep 2019 FoI on NHSBSA website). Contractor levies also vary considerably between LPCs, both in terms of amount and the method of calculation. There is no evidence to indicate that higher levels of levy, whether it is paid per contract or as a percentage of NHS income, delivers a greater return for contractors.

The benefits provided by LPCs, either in terms of delivery of the national CPCF, or through the establishment of locally commissioned enhanced service contracts, has never been reviewed at a national level. PSNC currently receives £3.4m of the contractor levy to negotiate and agree a national funding framework worth £2.592bn (including the monitoring of £800m of allowable margin). Contractors pay approximately £7.9m annually to LPCs for an unknown level of locally derived funding (£60- £100m).

The roles of LPCs

The main areas of LPC activity appear to be:

1. Representing contractors across the myriad of local commissioning structures, to highlight the role and value of community pharmacy
2. Securing locally commissioned Enhanced Services
3. Support contractors to deliver against the national CPCF
4. Support contractors with other, non-pharmacy related matters (such as VAT and Business rates)

The purpose and remit of LPCs, as set out in the model constitution used by most, is very broad. Each LPC is free to decide how it supports its contractors with the funding provided by their levies. LPCs also have the power to set their own levies. We believe that the variance in the levels of support provided both between and within LPCs is unjustifiable. We would like to see the model constitution reviewed and amended. We would like the review to consider the creation of a set of principles or tests that local representative bodies should have to consider when spending contractor's funds. We hope that this would encourage the appropriate prioritisation of time and spend, to be made in an equitable manner.

The CCA believes that it is the duty of either national trade bodies, such as the CCA, NPA and AIMP, or organisational head offices to support contractors to deliver against the national CPCF and with other, non-pharmacy related matters, for example training, communications and business advice. The CCA believes that contractors would be better served by LPCs focusing on supporting the development of local services and engagement rather than supporting compliance with CPCF. We recognise the value that LPCs can have in developing local services that can be adopted into either the CPCF or by local commissioning bodies, to a national specification, such as those to be rolled out in the seven national service specifications found in the General Medical Services (GMS) contract Direct Enhanced Service (DES).

Appendix 2 illustrates many of the functions performed by the various representative bodies across the community pharmacy sector and where the CCA believes the delivery of these functions should sit. We would like the review to consider whether it is appropriate for LPCs to use funds raised from all contractors to support the compliance of those contractors who are not delivering against national contractual or regulatory matters. It is the responsibility of individual owners, or trade associations, to support their businesses and their members with the delivery of national contractual and regulatory matters. This role should not be duplicated by LPCs.

We believe that LPCs do, and should continue to, play an important role in helping local health systems to understand the value and potential of community pharmacy and to help contractors to understand the opportunities that are available to them locally. Providing selective compliance support does not help all contractors within an LPC.

Releasing funds to support all contractors

The CCA and its members believe that the national network of community pharmacy contractors would be better represented by the creation of a single body, with a larger central operation, which can support contractors locally through activity in regional offices. We advocate reducing the number of regional bodies so that each would represent around 300 contracts. The creation of regional offices managed by a central national body would remove any duplication of workload associated with supporting the delivery of the national contractual framework. Regional offices would be able to focus

on promoting the role of community pharmacy with local health systems and the local commissioning of services agreed to a national service specification, like the model used in the GMS DES. The adoption of a single body model would also remove the duplication of many operating costs, such as HR and legal support and enable the national co-ordination of locally delivered pilots of new service opportunities.

Moving from 69 LPCs to circa 38 regional branches and structuring each with fewer (we suggest 7-9) committee members, we estimate that £2.7m could be released from the operational cost of running the current network.

In addition to releasing funding and reducing duplication through a review of the local representation network a similar principle could be applied to the recent proliferation of so called 'Provider Companies'. We do not believe that every LPC or regional office will need to have its own individual provider company. We are confident that either a single national company, or a small number of supra-regional companies, where there is a proven need, would be able to meet the needs of the network.

Conclusion

The CCA and its members welcome the review of Pharmacy Representation. We believe that community pharmacy contractors should have the opportunity to objectively consider the current system of national and local representation and to decide upon a structure that will best meet their needs for today and for the future. There is a considerable financial risk to contractors within the detail of the 2019-2024 CPCF settlement and we do not believe that PSNC is currently resourced to deliver against that risk.

A review of PSNC, its structure, processes and capabilities, with the establishment of clear KPIs and lines of accountability, will support all contractors through improved income, lower costs and hopefully create of meaningful activity in pharmacies that is professionally satisfying to the community pharmacy workforce.

A rationalisation of roles, remits and structures would remove unnecessary duplication of efforts and create the efficiencies to release enough funding from the existing levy envelope, to enable PSNC to better meet the needs of the sector in the future. We are confident that fewer, stronger, local teams, that are directly connected, with improved co-ordination and support, would in turn be able to better support contractors as they engage with their local health systems.

It is important to recognise that the current landscape in community pharmacy is well established and consideration must be given to the impact on individuals and teams, timescales and costs of any changes.

Appendix 1a – Pharmacy Review Team

Professor David Wright (Chair)
Dr Michael Twigg
Dr Hannah Family
Dr Linda Birt

Appendix 1b - Pharmacy Review Steering Committee

Independent Chair	David Wright	(UEA)
4 LPC Representatives	Shilpa Shah	(CEO – South East)
	Ruth Buchan	(CEO – North)
	David Bearman	(LPC Member –South West)
	Vicki Roberts	(LPC Member – West Midlands)
2 Contractor Representative (Multiple)	Mark Ireland	(Boots UK)
	Adrian Price	(Tesco, PSNC)
2 Contractor Representatives (Independents)	Reena Baraj	(London)
	Asif Alidina	(Midlands)
1 Contractor Representative (non-CCA multiple)	Peter Cattee	(AIMP)
1 PSNC Representative	Simon Dukes	(CEO)
1 LOC representative	Richard Whittington (LOCSU)	
1 NHSE&I Representative	Bruce Warner / Lisa Simpson / Jill Loader	

Appendix 1c- Pharmacy Review Forums

Location	Date	LPC Members	Contactors*
Bristol	Friday 10 January	14:00-15:30	19:30-21:00
London	Monday 13th January	14:00-15:30	19:30-21:00
Leeds	Wednesday 15th January	14:00-15:30	19:30-21:00
Leicester	Thursday 16th January	14:00-15:30	19:30-21:00

*CCA members to provide 4x non-LPC contractor representatives for each of these events

Appendix 2 - Illustration of functions performed by representational bodies.

Activity	Value (not cumulative)	National	Local	Trade Body/ Head office
CPCF negotiations	£2.592b	X		
Delivery of CPCF			X	X
Service design and development for CPCF[1]		X		X?
CPCF Pilots design	£250m	X		X?
CPCF Pilot implementation	£250m		X	X
Implementation National/Regional support & Guidance		X		
Implementation Local contractor level to national guidance			X	X
Implementation on the ground engagement with NHS to national guidance			X	
Service design and development of local	£60m	X	X	
Reimbursement reform	£800m	X		
Margin monitoring	£800m	X		
Monitoring and evaluation		X		
Understanding local commissioning opportunities			X	
National Stakeholder engagement		X		
Facilitating and monitoring local stakeholder engagement and integration with local NHS organisations – Councils, CCGs & HWBs			X	
Managing Local (PCN) relations				X
Locally produced guidance of national services			X	X
Shortages and concessions data gathering			X	
Shortages and concessions dissemination		X		
Profile/Service promotion		X		
Influencing local profile awareness			X	
SSPs		X		
Breaches and remedial notices			X	
Local promotion and campaigns			X	
Overseeing regulation		X		
Responding to national consultations		X	X	X
PNA review			X	
LPC operational and governance support		X		
LPC back office support[2] (HR, insurance, payroll, banking, leases)		X	X	
Non-pharmacy specific national policy e.g. business rates			X	X
Training			X	X
Contract Applications		X[3]	X	
Provider compan(y)ies		X	X	
Vaccinations	£10m	X		
Private Services			X	X

X = LPC activity that the CCA proposes is stopped at local level

Appendix 3 - PSNC functions (as set out in PSNC constitution 2008)

- To secure for Chemists the best possible contractual terms and remuneration in respect of National Health Service pharmaceutical services and Directed services provided by them.
- To represent, protect and serve the interests of all Chemists and to develop community pharmacy services to the benefit of Chemists.
- To negotiate, as representative of the general body of chemists with the Department of Health and Social Care and NHS England, the conditions of service and the remuneration for the dispensing of National Health Service prescriptions and the provision of the pharmaceutical services and Directed services under the National Health Service (Pharmaceutical and Local Pharmaceutical Services) Regulations and any Directions issued by the Secretary of State.
- To represent Chemists in discussions and negotiations with other Government Departments and other bodies.
- To consider, support or oppose legislation, proposed or otherwise, affecting Chemists in connection with the National Health Service Pharmaceutical Services and Directed services.
- To check and use all reasonable endeavours to agree each month with the Department of Health and Social Care the prices to be used by the NHS Business Services Authority for pricing National Health Service prescriptions.
- To maintain as the agent of Local Pharmaceutical Committees in England and Wales a Pricing Audit Centre to check on a sampling basis on behalf of Chemists the pricing and accounting of National Health Service prescriptions and to carry out such other functions as the PSNC may direct.
- To provide an advisory service to Chemists on matters relating to the National Health Service.
- To advise and support Local Pharmaceutical Committees in negotiations with local authorities and other commissioners.
- Generally to do all other things necessary to preserve, protect and further the interests of Chemists in connection with the provision of the National Health Service Pharmaceutical Services and Directed services.
- To carry out such administrative activities as are necessary.