## Discussion Paper

**Title:** AIM position on the Pharmaceutical Services Negotiation Committee (PSNC)/ Local Pharmaceutical Committee (LPC) review

**Scope**

This paper outlines the AIM position regarding the PSNC/LPC review, and the future impact of it on the sector.

**Current situation in a nutshell**

PSNC has commissioned a national review of PSNC and LPC structure and the support required for community pharmacy contractors. The independent review is carried out by David Wright and his team from Anglia Ruskin University. The group have set up a review panel consisting of representatives from LPCs, the independent sector, AIM and Company Chemists' Association (CCA) with the view to analyse the current structure of LPCs and PSNC and identify ways of ensuring the structure supports the needs of the contractors. Currently 30% of the levy paid by pharmacy contractors is distributed to PSNC and 70% to LPCs. There are currently 69 LPCs representing approximately 11,500 pharmacies in England.

The PSNC is of the view that in order to support pharmacy contractors deliver the current contractual framework which was negotiated by PSNC in 2019, there needs to be a central support system available via PSNC and that the current funding that the PSNC receives does not allow for that to happen. In addition, it is believed that PSNC would like this review to also focus on its functions and the structure around that.

AIM has representatives on LPCs in each area and three representatives on PSNC – as such as an organisation we are stakeholders in this review and need to have a view on what the ultimate scenario and outcome would be for AIM and its members.

**Potential scenarios after the review**

The review may present a few scenarios as per below:

- Reduction of the current number of LPCs.
- Change in the current funding distribution from the current model and more funding being distributed to PSNC to take on a more single body/umbrella organisation role.
- Status quo.

**Reaction from across the sector so far**

CCA

Below is a section taken from the CCA document of LPC review:

"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."

LPCs

There have been mixed reactions from LPCs. Some LPC members are pleased about this, others are sceptical. There are some arguments that care is becoming more local and that local LPCs should be supported rather than reduced. There have also been comments about how independent the review is and the quality of work done so far.

Other Pharmacy bodies

PSNC – insist they have taken a step back from this and are not involved in the review.

NPA – no views expressed officially.

**AIM position**

1. AIM has been actively participating in providing feedback via our representative on the review panel and via our regional representatives.

2. We believe that local provision of care is an important factor, particularly with the creation of PCNs, and that LPCs play an important role in shaping local healthcare policies. However, there is a case to review the current functions of LPCs to ensure that there is consistency in the way they operate, reduce duplication, set robust KPIs and ensure contractors in the local

areas receive the support required. By reducing the current number of LPCs, perhaps in line with the number of STPs (approximately 45) and setting clear lines of accountability and KPIs (one of which should be efficiency savings) there will be savings made. A proportion of these savings could be used in further investing in regional LPC forums to drive local innovation, representation and support for contractors, PCN leads and integration. We would like to commend the efforts that some LPCs are making locally to drive the community pharmacy agenda forward – this will need to be consistent across the country.

3. It is unclear at this stage what a new model and contractor support system from a central organisation is going to look like to ensure optimum support and representation for contractors locally, and what KPIs the central organisation will have. We believe that a review of the current purpose and activities of PSNC is required with the view to refocus on key priorities, negotiation and support working closely with LPCs. We believe that a proportion of the fees saved from LPCs should be invested in providing support services from PSNC nationally for contractors following negotiations to ensure prompt and efficient implementation.

4. We will be awaiting the results of the review before finalising our position.

**Summary of AIM recommendations:**

- Thorough and transparent review of the current model is required.
- Local provision of care is important, particularly with the creation of PCNs and community pharmacy needs to be a key player.
- We recognise and commend the efforts of LPCs for supporting contractors locally, however we also recognise that this support, local representation and efficiency is not consistent in all areas and regions. We would, therefore, like to see that there is consistency in approach and robust KPIs in all regions.
- We believe that reducing the current number of LPCs from 69 to approximately 45 to be in line with the current number of STPs is a sensible way forward and will provide savings. We would like to see a portion of the savings be used to create regional forums that in turn would provide robust local representation and innovation, support for contractors, PCN leads and PCN integration.
- AIM believes that a review of the current activities and structure of the negotiating body is required to ensure robust KPIs and accountability and to refocus PSNC on negotiation and support provision.
- A proportion of savings made from LPC consolidation should be diverted to PSNC to achieve the above effectively.